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EX PARTE OR LATE FILED

USWEST

Elridge A. Stafford
Executive Director-
Federal Regulatory

EX PARTE

November 19, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222, SC-1170
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF REGULATION

RE: WT Docket No. 96-162, CC Docket No. 96-115 ✓

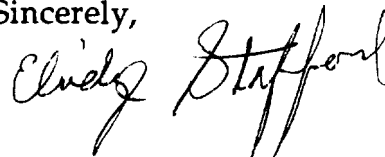
Dear Mr. Caton:

Please be advised that Corey Ford, Sondra Tomlinson and the undersigned, representing U S WEST, met today with Karen Brinkmann, Jane Halprin, Mika Savir and Pieter van Leeuwen of the Wireless Telecommunications Bureau and Dorothy Atwood and William Kehoe of the Common Carrier Bureau. The purpose of this meeting was to discuss the above-mentioned proceeding. The attached material summarizes points that were discussed.

In accordance with Section 1.1206(a)(2) of the Commission's rules, the original and one copy of this letter, with attachment, are being filed with your office. Acknowledgment of date of receipt of this transmittal is requested. A duplicate of this letter is attached for this purpose.

Please contact me at 202-429-3134 should you have any questions concerning this matter.

Sincerely,



Attachment

cc: Karen Brinkmann
Jane Halprin
Mika Savir
Pieter van Leeuwen
Dorothy Atwood

**SAFEGUARDS FOR LEC PROVISION OF CMRS
WT DOCKET NO. 96-162**

Corey K. Ford
U S WEST Communications Wireless
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U S WEST, Inc.
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Sondra J. Tomlinson
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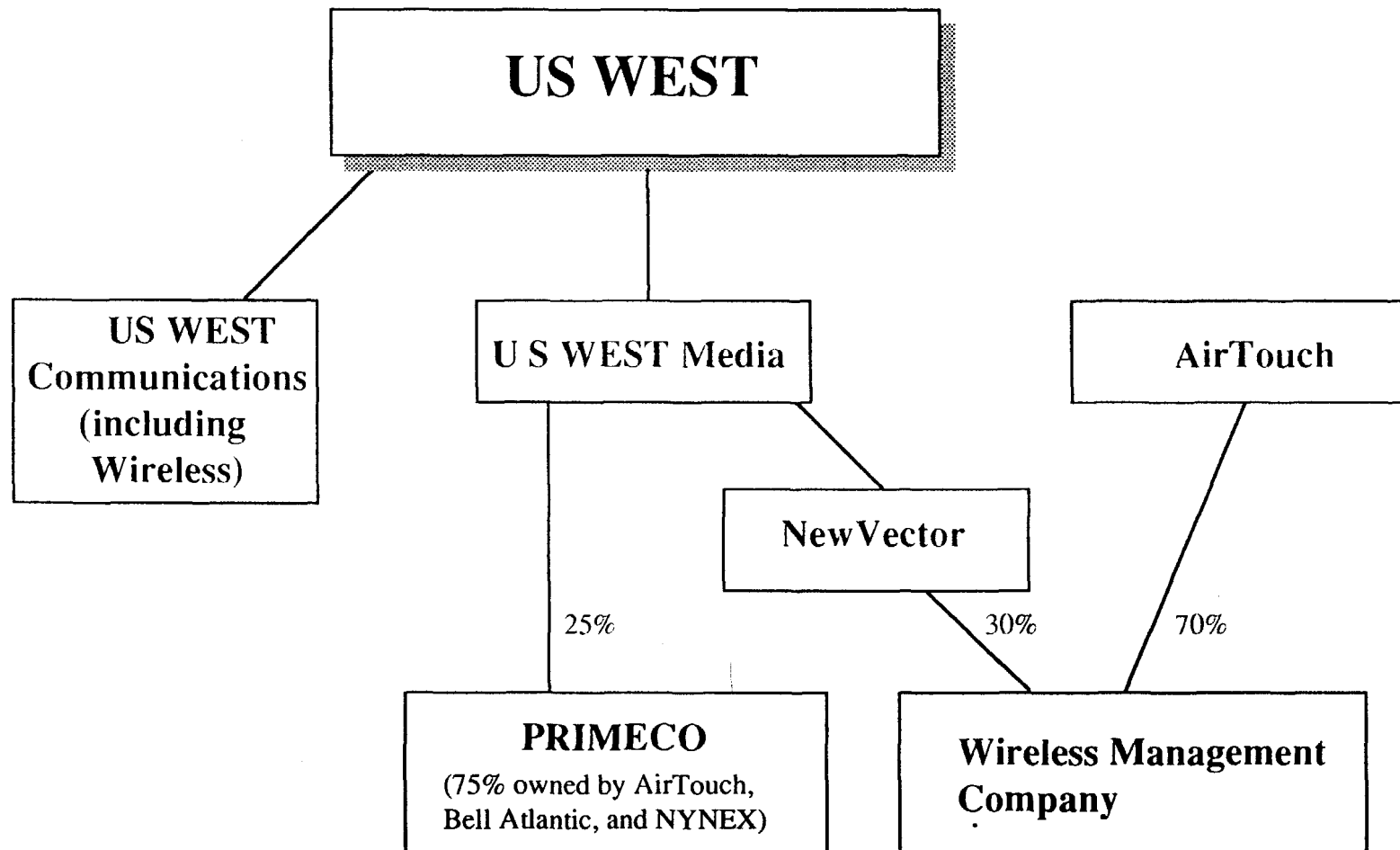
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CORPORATE STRUCTURE



ADVOCACY POSITIONS

- FCC rules should allow entities to select the most appropriate intra-organizational structure for PCS businesses.
- Business efficiencies and economies should be the drivers of organizational structure choices.
- Existing accounting and interconnection safeguards are sufficient, particularly given the Telecommunications Act of 1996.
- Customer approval to share information among affiliates is implicit in the customer-provider relationship. No further customer authorization is required. No more than a notice and opt-out process should be required.

WIRELESS AT U S WEST COMMUNICATIONS

- PCS is another access method to the public switched telephone network.
- Technology is making the underlying transport medium transparent to the users.
- Existing U S WEST Communications business offices will support ALL customers (PCS-only, wireline-only, PCS/wireline). Consultative selling will be used to determine a customer's service needs and will be used to select which access mode would be most appropriate.
- U S WEST Communications plans to meet customers' expectations by offering on 10 MHz licenses a wireless option that is customer friendly (e.g., identical access to features, one bill, and dial tone just like wireline) that can be purchased separately or along with other telecommunications services.

STATUS OF WIRELESS AT U S WEST COMMUNICATIONS

U S WEST Communications

- has over 100 people dedicated to PCS,
- is participating in the D and E block auctions,
- currently has an experimental license for PCS technical testing and market research,
- employs Part 64 rules to properly account for PCS expenses, and
- plans to begin rolling out service in 1997.

FCC SHOULD NOT CHANGE EXISTING RULES

- Organizational structure should be a business decision not a regulatory mandate.
- FCC has recognized the potential consumer benefits of allowing LECs to hold 10 MHz PCS licenses and to provide services on an integrated basis.

“[W]e . . . find that allowing LECs to participate in PCS may produce significant economies of scope between wireline and PCS networks. We believe that these economies will promote more rapid development of PCS and will yield a broader range of PCS services at lower costs to consumers. We also conclude . . . that the cellular-PCS policies indicated above are adequate to ensure that LECs do not behave in an anticompetitive manner. Thus, no new separate subsidiary requirements are necessary for LECs (including BOCs) that provide PCS.” Second PCS Report at para. 126 (October 22, 1993).

“In addition, we do not believe that commenters have justified imposing additional cost-accounting rules on LECs that provide PCS service.” Second PCS Report at para. 126 (October 22, 1993).

- USWC has relied on the 1993 PCS order in pursuing its PCS opportunity. There is no need to impose additional requirements.

THERE IS NO NEED FOR BOC PCS SERVICES TO BE PROVIDED THROUGH A SEPARATE AFFILIATE

- The question is not whether the proposed type of separate affiliate is reasonable, but whether an affiliate of any kind is necessary.
- BOC ability to exercise market power in the local exchange market is greatly constrained.
 - State regulation ensures no anticompetitive price increases to end users.
 - Part 64 rules protect against cross subsidization. Price cap regulation removes incentives for cross subsidization.
 - Interconnection, resale, and unbundling required by the 1996 Act remove barriers to entry.

BOCs CANNOT EXERCISE MARKET POWER IN CMRS

- Spectrum cap limits amount of spectrum any entity can hold and is designed to constrain exercise of market power by any CMRS provider--including BOCs.
- CMRS market is rapidly becoming hyper-competitive with three new PCS entrants already licensed and an additional three licenses available in the current D, E, and F block auction.
- BOC-provided PCS must compete with experienced, well-established cellular incumbents as well as other PCS providers.
- PCS providers already face significant hurdles (e.g., technology, marketing, consumer acceptance).

CPNI AND CUSTOMER EXPECTATIONS

- CPNI rules should not hinder the ability of customers to easily and efficiently obtain a full range of products and services from U S WEST or any other telecommunications provider.
- Customers want to purchase bundled services and receive “consolidated” customer service from a single contact with a single provider (e.g., wireless service with wireline and voice messaging service).
- The FCC has recognized that customers in existing business relationships have little or no privacy concerns within those relationships.
 - “...a solicitation to someone with whom a prior business relationship exists does not adversely affect subscriber privacy interests.” TCPA Proceeding, CC Docket 92-90, 10/16/92, para. 34.
 - “...we find that a consumer’s established business relationship with one company may also extend to the company’s affiliates and subsidiaries.” TCPA Proceeding, CC Docket 92-90, 10/16/92, para. 34.

CPNI AND CUSTOMER EXPECTATIONS (CONTINUED)

- The FCC recognizes that access to CPNI facilitates one-stop shopping. (AT&T /McCaw Order, File Nos. ENF-93-44 & 05 288-CH-TC-1-93.)
- Surveys show that telephone companies are protective and responsible with regard to customer data. (U S WEST 1991 Comments CC Docket No. 90-263, fns.222-223, citing to various surveys done in the 1980s and internal company focus group work.)
- Customers expect businesses with whom they deal to be knowledgeable about the customer/supplier relationship and its details.

CPNI AND CUSTOMER EXPECTATIONS (CONTINUED)

- Customers do not experience anxiety about privacy when a business uses its own customer data for multiple purposes or shares the data with its affiliates. (Lou Harris & Assoc. 1994 Study, U S WEST 1994 Comments, CC Docket No. 90-623/92-256, fns. 30-31.)
- Even U S WEST's nonpublished and nonlisted customers (those generally thought to be at the apex of privacy sensitivity) have indicated their awareness of the importance of personal information to a business, are quite comfortable with uses they have agreed to directly or by implied consent, and have indicated that they have no problem with U S WEST contacting them about products and services, through either direct marketing or telemarketing. (U S WEST 1994 Comments, CC Docket No. 90-263/92-256, pages 10-11.)